



**Emfuleni Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2011**

**UNAUDITED**

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**General Information**

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**Mayoral committee**

Executive Mayor	N.G Hlongwane
Speaker	M.P Gqelosha
Chief Whip	D.E Tshabalala
Members of the Mayoral Committee	V.M Godoli
MMC - Housing	M.L Khubeka
MMC - Local Economic Development, Tourism and Development Planning	K. Malindi
MMC - Public Safety	W.V Mcera
MMC - Corporate Services	K. Ntombela
MMC - Public Transport Roads and Public Works	S.E Pitso
MMC - Sports, Recreation, Arts and Culture	S.J Radebe
MMC - Health and Social Development	K.J.M Ranake
MMC - Finance	M.T Ronyuza
MMC - Infrastructure, Electricity, Water and Sanitation	N.R Thulo

**Municipal Manager**

Sam Shabalala

**Chief Financial Officer (CFO)**Ahmed Lambal  
B Com B.Acc CA(SA)**Grading of local authority**

Grade 11

**Auditors**

Auditor-General of South Africa

**Bankers**ABSA Bank Limited  
First National Bank**Registered office**Cnr Frikkie Meyer Boulevard & Klasie Havenga Street  
Vanderbijlpark  
1900**Business address**Cnr Frikkie Meyer Boulevard & Klasie Havenga Street  
Vanderbijlpark  
1900**Postal address**P.O Box 3  
Vanderbijlpark  
1900**Telephone number**

(016) 950 5000

**Fax number**

(016) 950 5050

**Email**

shabalalas@emfuleni.gov.za

**Website**

www.emfuleni.gov.za

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## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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**Accounting Officer's Responsibilities and Approval**

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I am responsible for the preparation of these financial statements which are set out on pages 4 to 51, in terms of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the constitution, read with the remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.



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Accounting Officer  
SS Shabalala

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**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Statement of Financial Position**

	Note(s)	2011 R	2010 R
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	18 497 047	6 996 670
Trade and other receivables from exchange transactions	3	204 307 555	74 090 438
Other receivables from non- exchange transactions	4	72 883 216	33 886 423
Inventories	5	19 886 954	22 002 174
Investments	6	106 289 517	135 106 924
Value added tax receivable	7	21 649 334	42 612 172
		<b>443 493 623</b>	<b>314 694 801</b>
<b>Non-Current Assets</b>			
Investments	6	55 000	48 653 485
Property, plant and equipment	8	1 864 776 627	1 694 820 135
		<b>1 864 831 627</b>	<b>1 743 473 620</b>
Non-Current Assets		1 864 831 627	1 743 473 620
Current Assets		443 493 623	314 694 801
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>2 308 325 250</b>	<b>2 058 168 421</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	9	385 944 792	472 209 239
Unspent conditional grants and receipts	11	89 182 071	77 332 169
Borrowings	12	6 858 622	6 278 147
Finance lease liability	13	62 193 495	63 453 574
		<b>544 178 980</b>	<b>619 273 129</b>
<b>Non-Current Liabilities</b>			
Consumer deposits	10	31 186 399	29 399 784
Borrowings	12	32 172 176	93 217 094
Finance lease liability	13	15 389 744	72 092 273
Provisions	14	247 701 037	122 234 809
		<b>326 449 356</b>	<b>316 943 960</b>
Non-Current Liabilities		326 449 356	316 943 960
Current Liabilities		544 178 980	619 273 129
Liabilities of disposal groups		-	-
<b>Total Liabilities</b>		<b>870 628 336</b>	<b>936 217 089</b>
Assets		2 308 325 250	2 058 168 421
Liabilities		(870 628 336)	(936 217 089)
<b>Net Assets</b>		<b>1 437 696 914</b>	<b>1 121 951 332</b>
<b>Net Assets</b>			
Reserves		-	-
Revaluation reserve		-	-
Accumulated surplus		1 437 696 914	1 121 951 332
<b>Total Net Assets</b>		<b>1 437 696 914</b>	<b>1 121 951 332</b>

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**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Statement of Financial Performance**

	<b>Note(s)</b>	<b>2011 R</b>	<b>2010 R</b>
<b>Revenue</b>			
Property rates	15	310 197 555	244 994 625
Service charges	16	1 855 360 142	1 539 956 149
Rental of facilities and equipment	17	8 218 943	8 407 456
Interest	18	50 278 298	83 851 104
Dividends	18	5 756	14 280
Fines	19	17 371 500	16 980 039
Licences and permits	21	8 390	8 054
Government grants and subsidies	20	673 426 603	587 188 413
Other income	21	110 336 137	115 087 953
<b>Total Revenue</b>		<b>3 025 203 324</b>	<b>2 596 488 073</b>
<b>Expenditure</b>			
Personnel costs	23	(633 574 390)	(541 489 073)
Remuneration of councillors	24	(22 931 137)	(21 637 513)
Depreciation and amortisation		(131 753 328)	(120 858 066)
Repairs and maintenance		(111 627 749)	(175 154 909)
Finance costs		(29 524 029)	(30 823 934)
Debt impairment		(329 956 165)	(416 087 060)
Bulk purchases	25	(1 144 544 785)	(994 917 583)
Contracted services		(47 257 711)	(59 732 289)
Grants and subsidies paid		(4 263 730)	(13 312 322)
General expenses	26	(354 354 478)	(270 575 615)
<b>Total Expenditure</b>		<b>(2 809 787 502)</b>	<b>(2 644 688 364)</b>
Gain on disposal of assets	22	3 293 530	2 890 463
Revenue		3 025 203 324	2 596 488 073
Expenditure		(2 809 787 502)	(2 644 688 364)
Other		3 293 530	2 890 463
<b>Surplus (deficit) for the year</b>		<b>218 709 352</b>	<b>(46 209 828)</b>

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Annual Financial Statements for the year ended 30 June 2011

**Statement of Changes in Net Assets**

	<b>Accumulated surplus R</b>	<b>Total net assets R</b>
<b>Balance at 01 July 2009</b>	<b>1 167 161 160</b>	<b>1 167 161 160</b>
Changes in net assets		
Surplus for the year	(45 209 828)	(45 209 828)
Total changes	(45 209 828)	(45 209 828)
<b>Balance at 01 July 2010</b>	<b>1 121 951 339</b>	<b>1 121 951 339</b>
Changes in net assets		
Surplus for the year	218 709 352	218 709 352
Transfers / contributions	97 036 223	97 036 223
Total changes	315 745 575	315 745 575
<b>Balance at 30 June 2011</b>	<b>1 437 696 914</b>	<b>1 437 696 914</b>

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**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Cash Flow Statement**

	<b>Note(s)</b>	<b>2011 R</b>	<b>2010 R</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		1 898 301 356	1 597 249 168
Grants		506 428 583	430 933 252
Interest income		50 278 298	83 851 104
Dividends received		5 756	14 280
Other receipts		113 102 560	122 822 620
		<u>2 568 116 553</u>	<u>2 234 870 424</u>
<b>Payments</b>			
Employee costs		(615 881 800)	(541 489 052)
Suppliers		(1 303 430 245)	(1 230 570 599)
Finance costs		(29 524 029)	(30 823 934)
Other payments		(358 171 830)	(176 276 091)
		<u>(2 307 007 904)</u>	<u>(1 979 159 676)</u>
Total receipts		2 568 116 553	2 234 870 424
Total payments		(2 307 007 904)	(1 979 159 676)
<b>Net cash flows from operating activities</b>	<b>27</b>	<u><b>261 108 649</b></u>	<u><b>255 710 748</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>8</b>	(194 317 260)	(315 819 264)
Proceeds from sale of property, plant and equipment		3 674 610	3 130 535
Proceeds from sale of financial assets		28 837 407	(5 432 040)
<b>Net cash flows from investing activities</b>		<u><b>(161 805 243)</b></u>	<u><b>(318 120 769)</b></u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(60 464 443)	(6 988 781)
Movement in consumer deposits		1 786 615	1 693 904
Finance lease payments		(57 962 608)	20 806 667
<b>Net cash flows from financing activities</b>		<u><b>(116 640 436)</b></u>	<u><b>15 511 790</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(17 337 030)</b></u>	<u><b>(103 912 962)</b></u>
Cash and cash equivalents at the beginning of the year		142 103 594	246 016 556
<b>Cash and cash equivalents at the end of the year</b>	<b>28</b>	<u><b>124 766 564</b></u>	<u><b>142 103 594</b></u>

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# Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

The annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next twelve months.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Significant Judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Significant judgements and underlying assumptions are reviewed on a constant basis. Significant judgements include:

##### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity, investments, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, Management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity, investments loans and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio.

##### Available-for-sale financial assets

The municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### Fair value estimation

The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.1 Significant Judgements and sources of estimation uncertainty (continued)

at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

##### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis on the projected unit credit method basis due to the cost implication.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

##### Effective Interest rate

The municipality used the prime interest rate plus 1% to discount future cash flows.

##### Allowance for credit losses

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Investment property is carried at fair value less accumulated depreciation and any accumulated impairment losses once it meets the definition of investment property.

Depreciation is provided to write down the fair value, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

#### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one accounting period.

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

#### 1.3 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment with the exception of land and buildings is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Land and buildings are valued by an appointed Municipal Valuer on an annual basis. The market value of these properties are split between land and improvement values resulting from the indefinite useful life of land. These properties are stated at fair value less depreciation in the case of buildings and fair value in the case of land.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and standby equipment which are expected to be used for more than one accounting period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is calculated on the depreciable amount (cost less residual value), using the straight line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

Item	Average useful life
Land	
• Roads and paving	20
• Pedestrian Mall	30
• Electricity	50-60
• Water	15-20
• Sewerage	15-20
• Housing	30
Community assets	
• Buildings	30
• Recreational Facilities	20-30
• Security	5
Other assets	
• Buildings	30
• Specialist vehicles	10
• Other vehicles	5
• Office equipment	3-7
• Furniture and fittings	7-10
• Watercraft	15
• Bins and containers	5
• Specialised plant and equipment	10-15
• Other items of plant and equipment	2-5
• Landfill sites	30-55
Intangible assets	
• Computer software	3-5

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.3 Property, plant and equipment (continued)

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. These components are:

Item	Useful life
Property – land	indefinite
Property – buildings	30 years

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

#### 1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

If an intangible asset is acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	3-5 years

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## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.4 Intangible assets (continued)

Computer software, other	3-5 years
Intangible assets under development	3-5 years

#### 1.5 Financial instruments

##### Classification

Classification of financial assets and financial liabilities depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets.

##### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

##### Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the surplus or deficit.

##### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

##### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are initially and subsequently recorded at fair value.

##### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

##### Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables

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Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.5 Financial Instruments (continued)

are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired.

#### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

##### Impairment of financial assets

The municipality assesses at each Statement of Financial Position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

#### 1.6 Leases

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.6 Leases (continued)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the Statement of Financial Position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

##### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

##### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### 1.7 Inventories

Inventories include consumable stores, maintenance materials, spare parts for plant and equipment, work in progress and land and property held for sale. Cost is determined by the first-in- first out method and comprises all costs of purchases, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost and current replacement cost. Current replacement cost represents the cost the municipality would incur to acquire the asset on the reporting date. Where inventories are acquired at cost, or for nominal consideration, their costs are their fair value as at the date of acquisition.

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In general, the basis of allocating cost to inventory items is the first-in, first-out method (F.I.F.O)

The municipality has disclosed the full value of water stock as year end.

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Consumables are written down with regard to their age, condition and utility.

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.7 Inventories (continued)

Unsold properties for the purpose of resale are accounted for as inventory. The fair value was determined by the appointed Municipal Valuer per the Valuation Roll that came into effect on 1 July 2009. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if the costs occur frequently and are separately identifiable.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

#### 1.9 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

##### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method, is recognised when the municipality is demonstrably committed to curtailment or settlement.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of



## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.9 Employee benefits (continued)

plan assets.

##### Other post retirement obligations

The municipality provides post-retirement health care benefits, to retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

#### 1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. Discounting of consumer debtors is recognised by utilising the actual billing for the month of June, as well as the interest levied on outstanding debtors for the month and calculating subsequent present value as at 30 June with a varying interest rate. This interest rate is equivalent to the interest rate utilised by the municipality for a respective month. All calculations are exclusive of value added tax.

A provision is used only for expenditures for which the provision was originally recognised.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

#### 1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.11 Revenue from exchange transactions (continued)

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by:

- surveys of work performed
- services performed to date as a percentage of total services to be performed
- the proportion that costs incurred to date bear to the total estimated costs of the transaction

Revenue arising from application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

##### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.12 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.12 Revenue from non-exchange transactions (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

##### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

##### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

##### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow of funds becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

##### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.13 Investment Income

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset until such time that the asset is ready for its intended use.

The amount of borrowing costs eligible for capitalization is determined as follows:

- Actual borrowing costs of funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investments of those borrowings
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining the qualifying asset. The borrowing costs capitalized do not exceed the total borrowings incurred.

The capitalization of borrowing costs commences when all the following conditions have been met:

- Expenditure for the asset have been incurred;
- Borrowing costs have been incurred; and
- Activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realizable value, the carrying amount is written down or written off in accordance with the accounting policy on impairment of Assets. In certain circumstances the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalization is suspended during extended periods in which active development is interrupted.

The municipality ceases the capitalization of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than in qualifying assets are recognized as an expense in surplus or deficit when incurred.

All the other borrowing costs are recognized as an expense in the period in which they are incurred.

#### 1.15 Self insurance reserve

A Self-Insurance Reserve (SIR) covers claims that may occur, subject to external insurance policy terms and conditions. Premiums are charged to the respective services taking into account claims history, the insured value of property, plant and equipment and number of fleet vehicles.

Contributions by the departments to the self insurance reserve are transferred from the contribution expenditure account of the department to the insurance reserve according to amounts budgeted for in the operating budget.

Claim payments received from external insurers are utilised in the calculation of gain or loss on the scrapping of damaged assets and are recorded in the Statements of Financial Performance.

Claim payments received in respect of repairs, damages and/or losses to assets receipted to the insurance cost centre income account and are then transferred from the insurance cost centre transfer expenditure account to the insurance reserve where it is reflected as income.

Repair and replacement costs not fully covered by external insurance are paid from the insurance cost centre expenditure account that is then financed or reimbursed by a transfer from the self insurance reserve to the insurance cost centre transfer income account. The repair and replacement cost is reflected as expense in the self insurance reserve.

#### 1.16 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason of reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.16 Comparative figures (continued)

practicable, and the prior year comparatives are restated accordingly.

#### 1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.19 Irregular expenditure

Irregular expenditure is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is updated accordingly.

#### 1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of Generally Recognised Accounting Practice (GRAP)

#### 1.21 Internal reserves

##### Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilization of the CRR:

- The cash funds which back up the CRR are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR can only be utilized to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus/(deficit) are credited by corresponding amount when the amounts in the CRR are utilized.

##### Capitalisation reserve (CR)

The balance of the Capitalization reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalization reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalization reserve relating to such an item is transferred to the accumulated surplus/(deficit).

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Accounting Policies

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#### 1.21 Internal reserves (continued)

##### Government grant reserve (GGR)

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the government grants reserve equal to the government grant recorded as revenue in the statement of financial performance.

When such items of property, plant and equipment are depreciated a transfer is made from the government grant reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed through a government grant is disposed off, the balance in the government grant reserve relating to the item is transferred to the accumulated surplus/(deficit).

#### 1.22 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

#### 1.23 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

#### 1.24 Segmental information

Segmental Information on property, plant and equipment, as well as income and expenditure, are based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

#### 1.25 Budget information

The annual financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

#### 1.26 Events after the reporting date

Events after the reporting date are defined as favourable and unfavourable events that occur between the reporting date and the date the annual financial statements are authorised for issue.

The date of authorisation for issue is the date on which the Accounting Officer sign off the annual financial statements.

##### Two types of events can be identified

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

#### 1.27 Related parties

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Key management personnel, close members of the family of key management personnel and councillors.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely

## **Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

### **Accounting Policies**

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#### **1.27 Related parties (continued)** the legal form.

Key management personnel include all directors or members of the municipal council of the reporting entity where that council has jurisdiction. The council, together with the Municipal Manager and Section 57 employees has authority and responsibility to plan and control the activities of the entity, to manage the resources of the entity and for the overall achievement of entity objectives. Therefore, key management personnel will include the Municipal Manager, Deputy Municipal Managers and Chief Financial Officer of the reporting entity.

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011			2010		
	R			R		
<b>2. Cash and cash equivalents</b>						
Cash and cash equivalents consist of:						
Cash on hand				9 819		9 819
Bank balances				18 487 228		6 986 851
				<b>18 497 047</b>		<b>6 996 670</b>
<b>The municipality had the following bank accounts</b>						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
ABSA Bank - Current account - 530-000-0087	10 259 684	10 809 727	19 855 423	16 495 104	6 190 788	(5 555 105)
ABSA Bank - Salary account - 405-774-9059	343 856	686 202	2 480 823	492 161	233 483	2 272 316
First National Bank - Traffic fines account - 620-723-53396	562 580	166 928	528 689	1 220 330	562 580	528 689
ABSA Bank - Traffic fines - 407-683-0782	279 632	-	-	279 632	-	-
<b>Total</b>	<b>11 445 752</b>	<b>11 662 857</b>	<b>22 864 935</b>	<b>18 487 227</b>	<b>6 986 851</b>	<b>(2 754 100)</b>
<b>3. Trade and other receivables from exchange transactions</b>						
<b>Gross balances</b>						
Rates				292 278 738		336 496 995
Electricity				188 675 861		144 191 853
Water				624 123 956		572 893 305
Sewerage				303 246 774		269 122 058
Refuse				168 140 383		139 618 494
Clearance 2 year debt				63 204		137 189
Indigent debtors control				124 835 284		126 662 023
				<b>1 701 364 200</b>		<b>1 589 121 917</b>
<b>Less: Provision for debt impairment</b>						
Rates				(237 220 867)		(316 142 136)
Electricity				(126 922 798)		(136 352 833)
Water				(572 804 177)		(544 859 177)
Sewerage				(277 014 575)		(257 555 351)
Refuse				(158 395 740)		(133 322 770)
Clearance 2 years debt				(63 204)		(137 189)
Indigent debtors control				(124 835 284)		(126 662 023)
				<b>(1 497 056 645)</b>		<b>(1 515 031 479)</b>
<b>Net balance</b>						
Rates				55 057 871		20 354 859
Electricity				61 753 063		7 839 020
Water				51 519 779		28 034 128
Sewerage				26 232 199		11 566 707
Refuse				9 744 643		6 295 724
				<b>204 307 555</b>		<b>74 090 438</b>
<b>Rates</b>						
Current (0 -30 days)				23 568 542		17 454 476
31 - 60 days				8 583 617		6 241 095



**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>3. Trade and other receivables from exchange transactions (continued)</b>		
61 - 90 days	7 418 708	5 442 219
91 + days	252 706 871	307 359 206
	<b>292 278 738</b>	<b>336 496 996</b>
<b>Water, electricity, sewerage and refuse</b>		
Current (0 -30 days)	107 747 069	75 070 542
31 - 60 days	46 476 083	53 002 331
61 - 90 days	37 722 373	31 014 425
91+ days	1 092 241 448	827 257 107
	<b>1 284 186 973</b>	<b>986 344 405</b>
<b>4. Other receivables from non- exchange transactions</b>		
Trade debtors	60 932 325	21 037 934
Staff loans	11 950 891	12 848 489
	<b>72 883 216</b>	<b>33 886 423</b>
<b>5. Inventories</b>		
Consumable stores	19 489 422	21 882 894
Water	397 532	119 280
	<b>19 886 954</b>	<b>22 002 174</b>
<b>6. Investments</b>		
<b>Financial Instruments</b>		
Total investments	106 324 517	183 760 409
	-	-
	-	-
	-	-
	106 324 517	183 760 409
	-	-
<b>Non-current assets</b>		
Fixed deposits	55 000	48 653 485
<b>Current assets</b>		
Call account deposits	106 269 517	135 106 924
Non-current assets	55 000	48 653 485
Current assets	106 269 517	135 106 924
	<b>106 324 517</b>	<b>183 760 409</b>

Listed securities

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

**7. Value added tax receivable**

Value added tax	21 649 334	42 612 172
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Value added tax is payable on the receipts basis and is paid over to South African Revenue Services only once payment is received from debtors.

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
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**8. Property, plant and equipment**

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Infrastructure	2 873 457 971	(1 448 164 502)	1 425 293 469	2 617 396 340	(1 393 822 163)	1 223 574 177
Community	340 563 196	(91 847 779)	248 715 417	321 105 959	(87 329 481)	233 776 478
Other property, plant and equipment	578 766 670	(388 202 849)	190 563 821	556 648 045	(319 382 485)	237 265 560
Heritage	203 920	-	203 920	203 920	-	203 920
<b>Total</b>	<b>3 992 991 757</b>	<b>(1 928 215 130)</b>	<b>1 864 776 627</b>	<b>3 495 354 264</b>	<b>(1 800 534 129)</b>	<b>1 694 820 135</b>

**Emfuleni Local Municipality**  
Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

Figures in Rand

**8. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2011**

	Opening balance	Additions	Work in progress	Disposals	Transfers	Other movement	Depreciation	Total
Infrastructure	1 179 390 762	10 587 233	137 700 762	-	44 183 412	107 773 638	(54 342 338)	1 425 293 489
Community	229 704 500	5 972 625	22 384 613	-	(4 522 023)	-	(4 824 288)	248 715 417
Other property, plant and equipment	285 520 954	23 935 209	(6 263 182)	(381 080)	(39 661 389)	-	(72 586 691)	190 563 821
Heritage	203 920	-	-	-	-	-	-	203 920
	<b>1 694 820 136</b>	<b>40 495 067</b>	<b>153 822 193</b>	<b>(381 080)</b>	<b>-</b>	<b>107 773 638</b>	<b>(131 753 327)</b>	<b>1 864 776 627</b>

**Reconciliation of property, plant and equipment - 2010**

	Opening balance	Additions and capital work in progress	Disposals	Other movement	Depreciation	Total
Infrastructure	1 098 851 350	128 021 624	-	-	(3 298 796)	1 223 574 178
Community	218 493 087	23 989 624	(58 600)	-	(8 647 633)	233 776 478
Other property, plant and equipment	182 550 646	163 808 016	(181 472)	(108 911 630)	(108 911 630)	237 265 560
Heritage	203 919	-	-	-	-	203 919
	<b>1 500 099 002</b>	<b>315 819 264</b>	<b>(240 072)</b>	<b>(108 911 630)</b>	<b>(120 858 059)</b>	<b>1 594 820 135</b>

The useful lives, residual values and depreciation method were not reviewed during the year under review. The assets were not tested for impairment.

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>9. Trade and other payables from exchange transactions</b>		
Trade payables	108 596 659	240 451 456
Payments received in advance	65 104 379	67 243 226
Retentions	26 549 545	28 090 844
Outstanding cheques	93 485 382	56 955 681
Accrued interest	1 086 048	1 223 447
Provision for annual leave	38 847 853	30 681 378
Provision for 13th cheque	28 395 418	24 734 583
Other payables	23 879 608	22 828 624
	<b>385 944 792</b>	<b>472 209 239</b>
The fair value of trade and other payables approximates their carrying amount.		
<b>10. Consumer deposits</b>		
Electricity and water	31 186 399	29 399 784
<b>11. Unspent conditional grants and receipts</b>		
Unspent conditional grants and receipts comprises of:		
<b>Unspent conditional grants and receipts</b>		
Restructuring grant	17 278 015	18 234 375
Municipal Infrastructure grant	35 784 941	33 772 591
Financial management grant	731 951	764 025
Library grant	3 902 646	4 061 492
DWAF grant	1 096 474	1 769 744
Health grant	72 480	209 329
HIV/AIDS grant	37 544	121 483
DACE grant	728 627	422 157
EPWP grant	1 290 258	989 700
Other conditional receipts	28 259 135	16 987 273
	<b>89 182 071</b>	<b>77 332 169</b>
Refer to note 21 for detailed movements on grants.		
<b>12. Borrowings</b>		
<b>Local registered stock loans</b>		
Annuity loans	-	54 186 313
Other financial liability	39 030 798	45 308 928
	<b>39 030 798</b>	<b>99 495 241</b>
	-	-
	<b>39 030 798</b>	<b>99 495 241</b>
<b>Non-current liabilities</b>		
At amortised cost	32 172 176	93 217 094
<b>Current liabilities</b>		
At amortised cost	6 858 622	6 278 147
	<b>32 172 176</b>	<b>93 217 094</b>
	6 858 622	6 278 147
	<b>39 030 798</b>	<b>99 495 241</b>

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>13. Finance lease liability</b>		
<b>Minimum lease payments due</b>		
- within one year	62 193 495	63 453 574
- in second to fifth year inclusive	15 389 744	72 092 273
	<u>77 583 239</u>	<u>135 545 847</u>
less: future finance charges	(62 193 495)	(63 453 574)
<b>Present value of minimum lease payments</b>	<u>15 389 744</u>	<u>72 092 273</u>
 Non-current liabilities	15 389 744	72 092 273
Current liabilities	62 193 495	63 453 574
	<u>77 583 239</u>	<u>135 545 847</u>
<b>14. Provisions</b>		
<b>Reconciliation of provisions - 2011</b>		
	Opening balance	Additions Total
Environmental rehabilitation	-	107 773 638
Provisions-Long service awards	122 234 809	17 692 590
	<u>122 234 809</u>	<u>125 466 228</u>
		<u>247 701 037</u>
<b>Reconciliation of provisions - 2010</b>		
	Opening balance	Additions Total
Provisions-Long service awards	1 607 688	120 627 121
		<u>122 234 809</u>
<b>15. Property rates</b>		
<b>Rates</b>		
Rates Levied	<u>310 197 555</u>	<u>244 994 625</u>
<b>Valuations</b>		
Residential	39 617 220 501	42 377 960 003
Commercial	7 393 337 000	9 715 407 000
Government	1 239 326 000	1 086 962 000
Agriculture	9 321 956 000	876 431 000
Other	3 190 532 000	3 380 580 000
	<u>60 762 371 501</u>	<u>67 437 340 003</u>
<b>16. Service charges</b>		
Sewerage and sanitation charges	182 001 870	167 871 445
Sale of electricity	1 163 243 011	924 376 574
Sale of water	420 482 491	364 510 415
Refuse removal	89 632 770	83 197 715
	<u>1 855 360 142</u>	<u>1 639 956 149</u>

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>17. Rental of facilities and equipment</b>		
Rental of equipment	31 662	266 850
Rental of facilities	8 187 281	8 140 606
	<b>8 218 943</b>	<b>8 407 456</b>
<b>18. Finance income</b>		
<b>Dividend revenue</b>		
Other financial assets - local	5 756	14 280
<b>Finance income</b>		
Finance income on arrears	35 271 087	66 529 284
Bank	15 007 211	17 321 820
	<b>60 278 298</b>	<b>83 851 104</b>
	5 756	14 280
	<b>50 278 298</b>	<b>83 851 104</b>
	<b>50 284 054</b>	<b>83 865 384</b>
<b>19. Traffic fines</b>		
Traffic fines income	17 371 500	16 980 039

Included in traffic fines income, are fines issued but not yet received at year end totalling R2 478 834 (2010: R 10 962 494)

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>20. Government grants and subsidies</b>		
Equitable share	498 815 000	398 256 491
Municipal Infrastructure grant	103 570 650	98 805 446
Department of Water Affairs and Forestry	673 270	10 957 688
HIV/AIDS grant	587 538	1 511 013
Finance management grant	1 032 073	778 714
Health grant	136 649	857 296
Restructuring grant	956 360	12 007 089
Regional sewer scheme	1 826 592	19 696 518
Bonile ka botho	14 883	11 262
ICT programme grant	5 316 021	2 037 936
Intern grant	-	9 980
Sport and recreation	808 512	-
Projects funded ex Sedibeng District Municipality	-	1 596 354
Municipal systems improvement grant	769 933	511 361
Social development grant	4 007 555	1 391 706
DACE grant	193 529	36 761
National electrification programme	-	465 385
Health subsidy	40 579 926	38 257 413
Other	14 137 912	-
Maplankeng grant	-	-
	<b>673 426 603</b>	<b>587 188 413</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income. Currently the municipality provides 6 kilolitres of water free to all residential households. All registered indigents qualify for a subsidy to the maximum of R507(2010:R 336) per month.

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	33 772 592	42 259 038
Current-year receipts	105 583 000	90 319 000
Conditions met - transferred to revenue	(103 570 649)	(98 805 446)
	<b>35 784 943</b>	<b>33 772 592</b>

Conditions still to be met - remain liabilities (see note 11)

This grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld by the grantor.

#### Department of Water Affairs and Forestry

Balance unspent at beginning of year	1 769 744	227 432
Current-year receipts	-	12 500 000
Conditions met - transferred to revenue	(673 270)	(10 957 688)
	<b>1 096 474</b>	<b>1 769 744</b>

Conditions still to be met - remain liabilities (see note 11)

This grant is used for water demand management. No funds have been withheld by the grantor.

#### HIV/AIDS Grant

Balance unspent at beginning of year	121 483	854 254
Current-year receipts	503 600	778 242

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>20. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	(587 538)	(1 511 013)
	<b>37 545</b>	<b>121 483</b>

Conditions still to be met - remain liabilities (see note 11)

This grant is used for various purposes depending on the business plan. No funds have been withheld by the grantor.

#### Financial Management Grant

Balance unspent at beginning of year	764 024	792 738
Current-year receipts	1 000 000	750 000
Conditions met - transferred to revenue	(1 032 073)	(778 714)
	<b>731 951</b>	<b>764 024</b>

Conditions still to be met - remain liabilities (see note 11)

This grant is used for Internship programme. No funds have been withheld by the grantor.

#### Health Grant

Balance unspent at beginning of year	209 329	1 066 625
Current-year receipts	-	-
Conditions met - transferred to revenue	(136 849)	(857 286)
	<b>72 480</b>	<b>209 329</b>

Conditions still to be met - remain liabilities (see note 11)

This grant is used to improve Primary Health Care Facilities. No funds have been withheld by the grantor.

#### Restructuring Grant

Balance unspent at beginning of year	18 234 376	30 241 465
Current-year receipts	-	-
Conditions met - transferred to revenue	(956 380)	(12 007 089)
	<b>17 278 016</b>	<b>18 234 376</b>

Conditions still to be met - remain liabilities (see note 11)

This grant is used for meeting particular financial and institutional improvement targets, targeting mainly service delivery and local economic development. No funds have been withheld by the grantor.

#### Regional Sewer Scheme

Balance unspent at beginning of year	9 644 383	29 340 901
Conditions met - transferred to revenue	(1 826 591)	(19 696 518)
	<b>7 817 792</b>	<b>9 644 383</b>

Conditions still to be met - remain liabilities (see note 11)

This grant is used for the sewer spillage problems of the Vaal river areas. No funds have been withheld by the grantor.

#### Bontle Ke Botho

Balance unspent at beginning of year	752 661	755 033
Current-year receipts	5 590	8 890



## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>20. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	(14 883)	(11 262)
	<u>743 368</u>	<u>752 661</u>

Conditions still to be met - remain liabilities (see note 11)

The MEC Agriculture conservation and environment initiated a clean and green programme based on the Johannesburg plan of implementation, whereby the municipalities' wards and schools are encouraged to keep the nearest places clean, this is done through a campaign named Botle ke Botho which rewards the best municipality. No funds have been withheld by the grantor.

#### Dry Sanitation Grant

Balance unspent at beginning of year	261 034	261 034
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<u>261 034</u>	<u>261 034</u>

Conditions still to be met - remain liabilities (see note 11)

This grant is used for the supply of bulk water. No funds have been withheld by the grantor.

#### Intern Grant

Balance unspent at beginning of year	-	9 980
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(9 980)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 11)

It was used as an Institutional support to Local Municipalities to fund the appointment and training of one Financial Municipal Intern. No funds have been withheld by the grantor.

#### Sport and Recreation

Balance unspent at beginning of year	2 016 896	978 516
Current-year receipts	-	1 038 380
Conditions met - transferred to revenue	(808 512)	-
	<u>1 208 384</u>	<u>2 016 896</u>

Conditions still to be met - remain liabilities (see note 11)

Funds are used for upgrading the stadiums around Emfuleni. No funds have been withheld by the grantor.

#### National Electrification Programme

Balance unspent at beginning of year	673 625	1 138 910
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(465 285)
	<u>673 625</u>	<u>673 625</u>

Conditions still to be met - remain liabilities (see note 11)

To implement the integrated national electrification programme to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure. No funds have been withheld by the grantor.

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>20. Government grants and subsidies (continued)</b>		
<b>Projects funded ex Sadibeng District Municipality</b>		
Balance unspent at beginning of year	2 704 127	4 300 481
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(1 596 354)
	<u>2 704 127</u>	<u>2 704 127</u>
Conditions still to be met - remain liabilities (see note 11)		
Funds are used for upgrading of cemeteries. No funds have been withheld by the grantor.		
<b>Maplakeng project</b>		
Balance unspent at beginning of year	114 445	114 445
Current-year receipts	-	-
Conditions met - transferred to revenue	(114 445)	-
	<u>-</u>	<u>114 445</u>
Conditions still to be met - remain liabilities (see note 11)		
Funds allocated for installation of a link line and standpipes to provide basic water in Maplakeng. No funds have been withheld by the grantor.		
<b>Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	661 908	673 270
Current-year receipts	750 000	500 000
Conditions met - transferred to revenue	(769 933)	(511 362)
	<u>641 975</u>	<u>661 908</u>
Conditions still to be met - remain liabilities (see note 11)		
Funds used to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act, and other local government policy and legislation. The focus being MPRA, effective implementation of ward participants and improvement to fixed asset registers. No funds have been withheld by the grantor.		
<b>Library Grant</b>		
Balance unspent at beginning of year	4 061 493	5 417 429
Current-year receipts	4 707 146	682 000
Conditions met - transferred to revenue	(5 316 021)	(2 037 936)
	<u>3 452 618</u>	<u>4 061 493</u>
Conditions still to be met - remain liabilities (see note 11)		
Funds used to update community, library collections, upgrade information and communication technology in libraries and implement reading programmes. No funds have been withheld by the grantor.		
<b>Social Development Grant</b>		
Balance unspent at beginning of year	108 294	500 000
Current-year receipts	4 001 759	1 000 000
Conditions met - transferred to revenue	(4 007 555)	(1 391 706)
	<u>102 498</u>	<u>108 294</u>

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>20. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 11)		
Funds used to construct two early childhood development centres (Sharpeville). No funds have been withheld by the grantor.		
<b>MSIG (Sedibeng)</b>		
Balance unspent at beginning of year	50 000	50 000
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<u>50 000</u>	<u>50 000</u>
Conditions still to be met - remain liabilities (see note 11)		
<b>DACE Grant</b>		
Balance unspent at beginning of year	422 157	-
Current-year receipts	500 000	458 918
Conditions met - transferred to revenue	(193 529)	(36 761)
	<u>728 628</u>	<u>422 157</u>
Conditions still to be met - remain liabilities (see note 11)		
Funds used for the implementation of the Emfuleni alien vegetation eradication project. No funds have been withheld by the grantor.		
<b>EPWP</b>		
Balance unspent at beginning of year	989 700	-
Current-year receipts	348 000	989 700
Conditions met - transferred to revenue	(47 442)	-
	<u>1 290 258</u>	<u>989 700</u>
Conditions still to be met - remain liabilities (see note 11)		
Reward received for implementing the EPWP as per the guidelines. No Funds have been withheld by the grantor.		
<b>Sedibeng Regional Sewer Scheme</b>		
Current-year receipts	24 044 000	-
Conditions met - transferred to revenue	(14 090 470)	-
	<u>9 953 530</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 11)		
To develop regional bulk infrastructure for water supply to supplement water treatment works at resources development; and link such developments with the local bulk and local distribution networks on a regional basis, cutting across several local municipal boundaries. No funds have been withheld by the grantor.		

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>21. Other income</b>		
Collection costs recovered	41 611	39 604
Access to information	327 016	311 152
Capital contribution	3 307 541	2 280 686
Dishonoured cheques	55 560	77 167
Refunds	3 412 568	1 964 317
Sundries/unallocated income	23 433 736	41 162 497
Surplus cash	3 203	3 184
Warning notices	3 400 144	3 031 461
Advertising	174 403	121 505
Informal trading revenue	185 584	139 769
Alienation of land	76 776	75 673
Compensation for servitude	139 204	26 489
Open space contribution - land use	-	987
Planning fees	29 699	26 109
Sale of tender documents	391 150	556 100
Zoning certificates	71 677	15 024
Activity room/auditorium	26 892	38 164
Building plans	1 276 058	1 429 164
Cemeteries	6 030 376	5 544 608
Entrance fees	439 909	137 963
General service fees	60 546 418	57 130 284
Fire rescue services	323 624	207 734
Flammable liquid	70 795	66 682
Grass cutting and removal of trees	23 899	-
Lost and damaged library material	8 514	6 725
Industrial effluent	713 759	934 997
Other revenue	5 826 021	(240 072)
	<b>110 344 527</b>	<b>115 096 007</b>
<b>22. Gain on sale of assets</b>		
Property, plant and equipment	3 293 530	2 890 463

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>23. Personnel costs</b>		
Basic salaries	354 694 144	306 386 329
Bonuses	28 671 028	23 406 105
Medical aid - company contributions	31 325 282	26 677 211
Unemployment Income Fund (UIF)	3 253 943	2 989 849
Other payroll levies	136 526	114 627
Leave pay provision charge	5 841 045	6 047 896
Provisions	30 467 281	10 196 683
Salary disparities	-	1 618 148
Post-employment benefits	73 573 521	62 143 693
Overtime payments	43 090 948	48 122 806
Acting allowances	6 670 264	4 815 258
Car allowance	28 881 510	25 895 092
Housing benefits and allowances	2 549 515	3 132 036
Other allowances	5 317 851	4 459 515
Employee contributions	19 101 532	15 483 825
	<b>633 574 390</b>	<b>541 489 073</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration ( 2011: 12 months, 2010: 12 months)	1 269 969	873 811
Travel, motor car, accommodation, subsistence and other allowances	427 736	859 016
	<b>1 697 705</b>	<b>1 732 827</b>
<b>Chief Financial Officer</b>		
Annual Remuneration ( 2011: 12 months, 2010: 12 months)	1 042 380	957 750
Travel, motor car, accommodation, subsistence and other allowances	62 400	79 650
	<b>1 104 780</b>	<b>1 037 400</b>
<b>Corporate Services (DMM)</b>		
Annual Remuneration ( 2011: 12 months, 2010: 12 months)	959 558	697 735
Travel, motor car, accommodation, subsistence and other allowances	75 111	269 736
	<b>1 034 669</b>	<b>967 471</b>
<b>Basic Services (DMM)</b>		
Annual Remuneration	737 046	937 156
Travel, motor car, accommodation, subsistence and other allowances	6 000	513 049
	<b>743 046</b>	<b>1 450 205</b>
<b>Chief Audit Executive</b>		
Annual Remuneration	614 526	550 542
Travel, motor car, accommodation, subsistence and other allowances	118 350	205 742
	<b>732 876</b>	<b>756 284</b>
<b>Economic Development and Planning (DMM)</b>		
Annual Remuneration ( 2011: 12 months, 2010: 12 months)	819 212	816 034
Travel, motor car, accommodation, subsistence and other allowances	191 759	277 371
	<b>1 010 971</b>	<b>1 093 405</b>

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>23. Personnel costs (continued)</b>		
<b>Public Safety (DMM)</b>		
Annual Remuneration ( 2011: 12 months, 2010: 12 months)	840 536	612 735
Travel, motor car, accomodation, subsistence and other allowances	194 400	359 160
	<b>1 034 936</b>	<b>971 895</b>
<b>IPAM (DMM)</b>		
Annual Remuneration	444 000	-
Travel, motor car, accomodation, subsistence and other allowances	62 000	-
	<b>506 000</b>	<b>-</b>
<b>Chief Operating Officer</b>		
Annual Remuneration	294 333	-
Travel, motor car, accomodation, subsistence and other allowances	44 800	-
	<b>339 133</b>	<b>-</b>
<b>24. Remuneration of councillors</b>		
Executive Mayor	822 117	791 801
Speaker	444 342	423 603
Mayoral Committee members	6 040 343	5 709 351
Councillors	15 624 335	14 712 758
	<b>22 931 137</b>	<b>21 637 513</b>
<b>In-kind benefits</b>		
The Executive Mayor, Speaker and Mayoral Committee members are full-time. Each is provided with an office and secretarial support at the cost of the municipality.		
The Mayor makes use of a municipality owned vehicle for official duties.		
<b>25. Bulk purchases</b>		
Electricity	802 874 987	710 306 472
Water	341 669 798	284 611 111
	<b>1 144 544 785</b>	<b>994 917 583</b>

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>26. General expenses</b>		
Advertising	2 276 151	3 526 964
Auditors remuneration	5 789 485	5 474 407
Bank charges	1 101 442	2 893 138
Commission paid	5 287 641	1 427 596
Consulting and professional fees	3 817 403	3 499 329
Consumables	2 722 485	3 488 477
Insurance	30 188 178	23 062 163
Conferences and seminars	4 210 700	6 344 830
Lease rentals on operating lease	18 897 552	8 350 930
Transport fees	33 743 774	46 684 340
Magazines, books and periodicals	638 009	767 154
Medical expenses	147 362	49 778
Rezoning costs	3 334	14 911
Recoverable works	131 411	29 284
Placement fees	28 292	-
Postage and courier	3 698 621	3 523 535
Printing and stationery	5 079 463	4 922 611
Staff expenditure	9 888 297	6 520 762
License fees	1 379 931	1 207 317
Security (Guarding of municipal property)	17 531 274	8 683 376
Software expenses	1 401 196	1 387 305
Subscriptions and membership fees	2 252 273	77 453
Telephone and fax	7 128 517	8 060 837
Training	1 824 160	2 669 053
Electricity	5 148 941	5 084 324
Uniforms	2 745 516	3 809 711
Special projects	35 496 640	31 433 675
Indigent support	126 750 140	75 432 041
Valuation roll expense	250 266	370 362
Public expenditure	368 907	423 323
Chemicals	-	6 750
Other expenses	24 427 117	10 339 879
	<b>354 354 478</b>	<b>270 676 616</b>
<b>27. Cash generated from operations</b>		
Surplus / (deficit)	218 709 352	(45 209 628)
<b>Adjustments for:</b>		
Depreciation and amortisation	131 753 328	120 858 066
Loss on sale of assets and liabilities	(3 293 530)	(2 890 463)
Debt impairment	329 956 165	416 087 080
Movements in provisions	125 466 228	120 627 121
Prior year error	9 023 668	-
<b>Changes in working capital:</b>		
Inventories	2 115 220	(10 971 299)
Other receivables from non- exchange transactions	(38 996 793)	(34 790 227)
Consumer debtors	(460 173 282)	(361 005 935)
Trade and other payables from exchange transactions	(86 264 447)	119 038 873
VAT	20 962 838	(24 383 241)
Unspent conditional grants and receipts	11 849 902	(41 649 379)
	<b>261 108 649</b>	<b>255 710 748</b>

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>28. Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Cash and cash equivalents	18 497 047	6 996 670
Other financial assets	106 289 517	135 106 924
	<u>124 766 564</u>	<u>142 103 594</u>

### 29. Correction of error

During the 2009/2010 year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods: The comparative amounts have been restated as follows:

#### Transactions affecting statement of changes in net assets: accumulated deficit 2009/2010

General expenses	-	-
Stock and material	-	3 990
Special projects	-	531 189
Indigent support	-	6 288 726
Contracted services	-	765 817
MIG grant funding	-	(37 170 658)
	<u>-</u>	<u>(29 580 936)</u>

#### Statement of financial position: 2009/2010

Value added tax receivable	-	7 054 543
Other receivables from non-exchange transactions	-	535 179
Unspent conditional grants and receipts	-	(37 170 658)

### 30. Unauthorised, irregular, fruitless and wasteful expenditure disallowed

#### Fruitless and wasteful expenditure

Opening balance	65 892	135 819
Fruitless and wasteful expenditure current year.	110 700	62 567
Condoned or written off by Council	-	-
Subsequently recovered	-	(132 557)
	<u>176 592</u>	<u>65 829</u>

The VAT for the period May 2011 was transferred to SARS late due to a technical problem with SARS e-filing system. The interest and penalties incurred were R87 538, an application to waive interest and penalties incurred has been lodged with SARS.

Interest amounting to R23 161, was incurred due to late payment of audit fees.

A report to condone 2009/2010 fruitless and wasteful expenditure incurred was noted by the Council.

### 31. Additional disclosure in terms of Municipal Finance Management Act

#### 32.1 PAYE and UIF

Opening balance	6 250 275	4 818 833
Council subscriptions	80 252 236	70 294 427
Amount paid - current year	(73 432 784)	(64 035 152)
Amount paid - previous years	(6 259 275)	(4 818 833)
	<u>6 819 452</u>	<u>6 259 275</u>

#### 32.2 Councillors' arrear consumer accounts



**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>31. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:		
30 June 2011		Total R
Radebe SJ	222 242	222 242
Mcera WV	40 782	40 782
Nkosi S	39 406	39 406
Tibane G	38 144	38 144
Zondi N	37 519	37 519
Malindi JK	34 074	34 074
Mahlase KB	32 646	32 646
Mochawe JS	30 036	30 036
Gavin ZS	28 168	28 168
Phohlela MZ	24 401	24 401
Maseko BP	24 279	24 279
Radebe AM	23 969	23 969
Rapapali LG	20 567	20 567
Ramashamole AT	18 637	18 637
Gqeloshe MP	16 597	16 597
Mzangwa VH	15 884	15 884
Mooko CS	14 243	14 243
Mathibela LJ	14 089	14 089
Phume SJ	14 013	14 013
Mbele JV	11 999	11 999
Mphuthing KW	11 859	11 859
Wright JW	9 826	9 826
Hlongwane NG & JM	6 540	6 540
Prinsloo WJ	6 015	6 015
Mnguni KJ	5 935	5 935
Seshauke PA	5 373	5 373
Kubheka ML	4 303	4 303
Mohammed A	3 094	3 094
Rapakeng OD	2 450	2 450
Solsu VO	2 175	2 175
Mtambo MR	1 899	1 899
Sikukula M	1 332	1 332
Matsei NP	1 321	1 321
Karsten ASJ	1 912	1 912
Ranake KJM	1 258	1 258
Hlongwane SD	820	820
Raikane MD	404	404
Bikilsha MB	335	335
	<b>768 546</b>	<b>768 546</b>
30 June 2010		Total R
NS Poee	40 466	40 466
P Zondo	19 209	19 209
BP Maseko	27 720	27 720
KJM Ranake	17 198	17 198
NG Hlongwane	7 439	7 439
TS Moepadira	351	351
TJS Thabane	84	84
KA Mogotsi	3 063	3 063
MS Kolisang	5 629	5 629
	<b>121 169</b>	<b>121 169</b>

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
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#### 32. Electricity and water distribution losses

Distribution losses relate to unaccounted for electricity and water. These losses mainly arise from illegal connections to both water and electricity networks, errors in billing and bridging of meters by consumers and also ageing infrastructure. The total percentage of distribution losses for water is 51% (44% 09/10) and electricity is 11.10% (14.03% 09/10).

#### 33. Capital commitments

The Council has committed itself to the following capital projects:

• Infrastructure	5 011 457	4 433 417
• Community assets	153 644	1 135 893
• Other assets	230 016	198 039
• Office equipment	9 661	66 188
	<u>6 404 778</u>	<u>5 833 537</u>

This expenditure will be financed from:

• Grants and subsidies	498 297	881 219
• Own funds	4 906 481	4 952 318
	<u>5 404 778</u>	<u>5 833 537</u>

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>34. Contingencies</b>		
<b>Contingent liability (Civil matters)</b>		
34.1 A claim by Mr. Tiadi Kekana for wrongful termination of employment, compensation sought amounting to R1 400 000 was lodged.		
34.2 A claim by Maluleke Serili Attorneys for legal fees due to them, an amount of R1 000 000 was lodged.		
34.3 A claim by Henk Scheepers Attorneys for legal fees due to them, an amount of R77 000 was lodged.		
34.4 A claim by Mr. C de Jager for defamation of a character amounting R1 000 000 was lodged.		
34.5 A claim by Vaal Show Grounds amounting to R68 000 000 was lodged for improvements claimed to be made on Council owned property during the leasing period. In terms of the lease agreement improvements made on the property will automatically revert to the Municipality.		
34.6 A claim by Ms. Fortune for impairment of dignity and other basic rights, an amount of R100 000 was lodged.		
34.7 A claim by H&H Electricity for electrical services provided amounting to R275 446.80 was lodged.		
34.8 A claim by Ms. Nhlapo was lodged for property sold in execution over the movables to recover outstanding rates and taxes amounting to R60 000, the estimated value of property is R700 000.		
34.9 A claim by Really North SA. for third party claim amounting to R70 000 was lodged.		
34.10 A claim by Poor Man Rich Man for restitution of the goods amounting to the value of R1 000 000 which were condemned by Emfuleni Local Municipality.		
<b>Contingent liabilities (Eskom)</b>		
Upon incorporation on 1 January 1995, the former Town Council of Sebokeng was integrated into the now disestablished Vereeniging/Kopanong Metropolitan Local Council. Sebokeng Town Council had a liability of approximately R300 million towards Eskom. Emfuleni Local Municipality is of the opinion that Eskom took over certain electricity networks in settlement of the liability. Notice, dated 11 Nov 2010, received from Eskom, indicates that the amount was written off.		
<b>Contingent assets</b>		
Assets taken over by Eskom in terms of the above mentioned revaluation and are not reflected in the Statement of Financial Position.		
<b>35. In-kind donations and assistance</b>		
The municipality received assistance in kind from SAICA that seconded Finance Advisors.		
<b>36. Related parties</b>		
Section 56 Managers: Councillors		
<b>37. Events after the reporting date</b>		
Subsequent to balance sheet date the municipality approved a short term loan facility of R70 million of which R60 million was approved to date.		
Subsequent to the balance sheet date the Restructuring Grant to the amount of R18 000 000, was deducted from the equitable share allocation by National Treasury, due to alleged non-spending of the grant.		

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>38. New Standards and Interpretations</b>		
The municipality has implemented the following effective GRAP accounting standards with the exception of the outstanding issues as mentioned;		
<b>GRAP 12 - Inventory</b>		
Accounting for municipal stands available for resale. (Inventory)		
Update of asset register referring to investment property, inventory and property, plant and equipment		
<b>GRAP 16 - Investment Property</b>		
Update of asset register with new split values.		
<b>GRAP 17 - Property, plant and equipment</b>		
Unbundling of infrastructure for electricity, roads, water and sewer.		
The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed during the year under review.		
The useful lives of assets have not been reviewed. The current year's accounting policy agrees with that applied in the previous financial year.		
The depreciation method was not reviewed. The current year's accounting policy agrees with that applied in the previous financial year.		
The assets in question were not assessed for possible impairment. This is in line with the accounting policy applied in the previous financial year.		
<b>Accounting standards not yet effective and not implemented :</b>		
GRAP 18 : Segment reporting		
GRAP 21 : Impairment of non-cash generating assets		
GRAP 23 : Revenue from non-exchange transactions		
GRAP 24 : Presentation of budget information in financial statements		
GRAP 103 : Heritage assets		
GRAP 104 : Financial instruments		
IFRIC 17 : Distribution of non cash assets to owners		
<b>39. Employee benefits</b>		
<b>Post-employment health care benefits</b>		
Opening accrued liability	73 037 732	70 367 403
Current-service cost	1 170 508	1 206 133
Interest Cost	6 508 913	6 342 668
Contributions (benefits paid)	(3 460 068)	(3 161 028)
Actuarial loss / gain	10 154 081	(1 717 444)
	<b>87 419 244</b>	<b>73 037 732</b>

The Projected Unit Credit Method has been used to value the liabilities

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>39, Employee benefits (continued)</b>		
<b>Key assumptions used</b>		
Discount rate	8.54 %	9.12 %
Health care cost inflation rate	7.24 %	7.20 %
Net effective discount rate	1.21 %	1.79 %
<b>Key demographic assumptions</b>		
Average retirement age		63 for males, 60 for females
Continuation of membership at retirement		90%
Proportion assumed married at retirement		90%
Mortality during employment		SA 85-90
Mortality post retirement		PA90-1 ultimate
<b>Withdrawal from service (sample annual rates)</b>		
Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
>55	0%	0%
<p>The projections assume that the municipality's health care arrangements and subsidy policy will remain as outlined and that no contributions are made by the municipality towards prefunding its liability via an off-balance sheet vehicle. Contributions or benefits paid refer to medical scheme contributions made by the municipality with respect to its subsidy of current continuation members. There are no Past Service Costs, Curtailments or Settlements to reflect.</p>		
<b>Long Service Awards (LSA)</b>		
Opening accrued liability	39 344 777	38 509 795
Current-service cost	4 208 176	4 233 630
Interest cost	2 965 863	2 940 489
Benefit vestings	(4 830 036)	(5 846 285)
Actuarial loss / gain	10 819 378	(492 852)
	<b>52 508 158</b>	<b>39 344 777</b>

The Projected Unit Credit Method has been used to value the liabilities.

#### Key assumptions

**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	2011 R	2010 R
<b>39. Employee benefits (continued)</b>		
Discount rate	7.88	9.03%
Health care cost inflation rate	6.24	6.34%
Net effective discount rate	1.34	2.52%
Key demographic assumption:		
Average retirement age		63 for males; 60 for females
Mortality during employment		SA 85 - 90
<b>Withdrawal from service (sample annual rates)</b>		
Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
>55	0%	0%

The projections assume that the LSA arrangements will remain as outlined and that all the actuarial assumptions made are borne out of practice. In addition, it is assumed that no contributions are made by the Employer towards prefunding its liability via an off-balance sheet vehicle. There are no Past Service Costs, Curtailments or Settlements to reflect.

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>40. Deviation from supply chain management regulations</b>		
Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.		
Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he/she records the reasons for any deviations and reports them to the next meeting of the Municipal Council and includes a note to the annual financial statements.		
1. Control cables were stolen at the DS sub-station in Vereeniging (88kV Network). Procurement of Gravis HV Technology, R 965 305.78		
Reason		
Immediate repairs to prevent further damage because there is no protection on any feeders from and out of this substation for the 88kV network.		
2. Procurement of 100 Kva Transformer, Centralec (Pty) Ltd, R 39 102.00		
Reason		
Urgently needed due to non delivery by supplier.		
3. Procurement of 200 Kva Transformer, Centralec (Pty) Ltd, R 50 730.00		
Reason		
Urgently needed due to non delivery by supplier.		
4. To conduct a medical examination and surveillance for employees exposed to a raw sewer. Procurement of LLM Occupational Health Incorporation, R 24 900.00		
Reason		
Urgent in terms of Occupational Health Standards.		
5. Maintenance of elevators, Kone Elevators South Africa (Pty) Ltd, R 11 160.23		
Reason		
Urgent maintenance of elevators was necessary.		
6. Replacement of 88kV breaker on transformer 4 at the DS substation, Baymont Holdings (Pty) Ltd, R 92 500.00		
Reason		
The breaker of transformer 4 must be replaced immediately to ensure a firm supply for the CBD area of Vereeniging.		
7. Repair of the warehouse (Duncanville store) by installing steel plates to safe guard the store. Procure UCANGO Business Enterprise CC, R 48 016.80		
Reason		
Urgent need to install steel plates at Duncanville stores to increase security protection of stores items due to break ins.		
8. Airtime on Kyknet Television programme, Onlybysake, R 16 530.00		
Reason		
Kyknet's premier breakfast program focus on Vanderbijlpark.		
9. Upgrading of E-learning Software at Sharpeville and Residensia Libraries, LR Management Group, R 322 643.00		
Reason		
LR Management Group was the original service provider and therefore needed to do the upgrading of the software.		
10. Library book detection system for 11 Libraries, Metrofile (Pty) Ltd, R 3 700 000.00		
Reason		
CSX Customer Services, a division of Metrofile (Pty) Ltd is the total and sole provider (sales, installations, services and maintenance) of 3M Tattle Tape Detection System.		
11. Repair of kV cables, control cables and bushings on transformer 2 at the NW 7 substations, Gravis HV Technology, R523 461.18		
Reason		
Urgent repairs to prevent further damage and losses for the municipality and to prevent claims from the consumers in an industrial area.		
12. Urgent hiring of a refuse contractor, Tshepang Contractors & Trading, R 57 969.00		

## Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R
<b>40. Deviation from supply chain management regulations (continued)</b>		
Reason		
Urgent hiring of refuse contractor to assist the municipality to remove refuse due to Vanderbijlpark depot being on strike.		
13. Urgent replacement of stolen cables and commission the Vesco substation in Vereeniging, Gravis HV Technology, R 169 079.30		
Reason		
Immediate repairs are needed to prevent further damage because there is no protection on any of the two income feeders into this substation.		
14. Repairs and restore the power to the industrial area of Powerville, Baymony Holdings (Pty) Ltd, R 54 241.20		
Reason		
Urgent repairs and restoration of electricity at Powerville.		
15. Urgent replacement of 2 x 22 kV breakers and 1 x 22 kV isolating link with new units at Powerville Eskom 6 substation which is the feeder breaker to the Powerville 1 substation, Baymont Holdings (Pty) Ltd, R 744 853.00		
Reason		
Urgent repairs.		
16. Training of additional staff and the interns to use Intenda Computer System, Intenda Computer System, R 119 153.80		
Reason		
The computer system is installed by Intenda and is the sole provider.		
17. Urgent repair of damages on the isolating on the Dav Steel feeders at the Municipal substation, Gravis HV Technology, R 286 816.67		
Reason		
Urgent repairs.		
18. Repairs of potholes in General Smuts Avenue, Senator Roord street in Vereeniging, Sadtrade (Pty) Ltd, R 424 080.0		
Reason		
Urgent repairs of potholes.		
19. Repairs of damage to 88 kV cables between Unibijl and Municipal substations, Mandlakazi Electrical Technologies (Pty) Ltd, R 259 332.30		
Reason		
Urgent replacement and repairs of Unibijl and Municipal substations.		
20. Repair work by installing a 500 KVA mini substation to replace the VRG 3 substation, Dol Com Trading 318 CC, R 38 070.18		
Reason		
Urgent repairs.		

The above goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

#### 41. Accumulated surplus

##### Ring-fenced internal funds and reserves within accumulated surplus - 2011

	Capitalisation reserve	Government grant reserve	Self insurance reserve	Revaluation reserve	Total
Opening balance	10 839 851	682 862 374	8 058 817	455 163 745	1 156 924 787
Movements	(1 666 617)	70 358 128	11 429 867	(25 951 804)	54 169 574
	<b>9 173 234</b>	<b>753 220 502</b>	<b>19 488 684</b>	<b>429 211 941</b>	<b>1 211 094 361</b>

##### Ring-fenced internal funds and reserves within accumulated surplus - 2010



**Emfuleni Local Municipality**

Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

	<b>2011</b>				<b>2010</b>
	<b>R</b>				<b>R</b>
<b>41. Accumulated surplus (continued)</b>					
	Capitalisation reserve	Government grant reserve	Self Insurance reserve	Revaluation reserve	Total
Opening balance	12 600 766	611 161 821	-	430 435 802	1 054 198 389
Offsetting of depreciation	(1 760 915)	(37 680 467)	-	24 727 943	(14 713 439)
Property, plant and equipment purchases	-	109 381 020	-	-	109 381 020
Contribution to self insurance reserve	-	-	8 058 817	-	8 058 817
	<b>10 839 851</b>	<b>682 862 374</b>	<b>8 058 817</b>	<b>455 163 745</b>	<b>1 166 924 787</b>

# Emfuleni Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand

### 42. Statement of comparative and actual information

2011

#### Financial Performance

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Property rates	292 871 464	292 871 464		292 871 464	310 197 555		(17 326 091)	106 %	106 %
Service charges	2 003 458 231	1 904 367 510		1 904 367 510	1 855 360 142		49 007 368	97 %	93 %
Investment revenue	74 485 314	69 461 649		69 461 649	50 284 054		19 177 595	72 %	68 %
Transfers recognised - operational	658 395 500	757 506 142		757 506 142	618 515 236		138 990 906	82 %	94 %
Other own revenue	153 675 241	162 688 934		162 688 934	139 300 523		23 388 411	86 %	91 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>3 182 885 750</b>	<b>3 186 895 699</b>		<b>3 186 895 699</b>	<b>2 973 657 510</b>		<b>213 238 189</b>	<b>93 %</b>	<b>93 %</b>
Employee costs	(633 905 444)	(637 286 960)		(637 286 960)	(633 574 390)		(3 712 570)	99 %	100 %
Remuneration of councillors	(23 537 798)	(23 537 798)		(23 537 798)	(22 931 137)		(606 661)	97 %	97 %
Debt impairment	(651 082 960)	(650 831 175)		(650 831 175)	(329 956 165)		(320 875 010)	51 %	51 %
Depreciation and asset impairment	(83 507 078)	(82 636 087)		(82 636 087)	(131 753 328)		49 117 241	159 %	158 %
Finance charges	(20 227 358)	(20 227 358)		(20 227 358)	(29 524 029)		9 296 671	146 %	146 %
Materials and bulk purchases	(1 139 577 230)	(1 212 284 158)		(1 212 284 158)	(1 444 544 785)		(57 739 373)	94 %	100 %
Transfers and grants	(5 451 230)	(12 217 855)		(12 217 855)	(4 263 730)		(7 954 125)	35 %	78 %
Other expenditure	(625 595 652)	(547 874 308)		(547 874 308)	(513 311 961)		(34 562 347)	94 %	82 %
<b>Total expenditure</b>	<b>(3 182 885 750)</b>	<b>(3 186 895 699)</b>		<b>(3 186 895 699)</b>	<b>(2 809 859 525)</b>		<b>(377 036 174)</b>	<b>88 %</b>	<b>88 %</b>
Total revenue (excluding capital transfers and contributions)	3 182 885 750	3 186 895 699		3 186 895 699	2 973 657 510		213 238 189	93 %	93 %
Total expenditure	(3 182 885 750)	(3 186 895 699)		(3 186 895 699)	(2 809 859 525)		(377 036 174)	88 %	88 %
<b>Surplus/(Deficit)</b>					<b>163 797 985</b>		<b>(163 797 985)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

**Emfuleni Local Municipality**  
Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	-	-	-	-	54 911 367	-	(54 911 367)	DIV/0 %	DIV/0 %
Surplus/(Deficit)	-	-	-	-	163 797 985	-	(163 797 985)	DIV/0 %	DIV/0 %
Capital transfers and contributions	-	-	-	-	54 911 367	-	(54 911 367)	DIV/0 %	DIV/0 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	-	-	-	-	<b>218 709 352</b>	-	<b>(218 709 352)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
Surplus (Deficit) after capital transfers and contributions	-	-	-	-	218 709 352	-	(218 709 352)	DIV/0 %	DIV/0 %
<b>Surplus/(Deficit) for the year</b>	-	-	-	-	<b>218 709 352</b>	-	<b>(218 709 352)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

**Emfuleni Local Municipality**  
Annual Financial Statements for the year ended 30 June 2011

**Notes to the Annual Financial Statements**

Figures in Rand

	Original budget	Budget adjustments (i.to. s28 and s31 of the MFMA)	Virement (i.to.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>									
Net cash from (used) operating	-	-	-	-	261 108 649	(261 108 649)	(261 108 649)	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	-	(161 805 243)	(161 805 243)	(161 805 243)	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	-	(116 640 436)	(116 640 436)	(116 640 436)	DIV/0 %	DIV/0 %
<b>Cash/cash equivalents at the year end</b>	-	-	-	-	<b>(17 337 030)</b>		<b>17 337 030</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

Schedule of external loans as at 30 June 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
101731	31.12.2012	8 354 261	-	3 054 744	5 299 517	-	-
13554/101	30.09.2020	22 489 834	-	944 428	21 545 406	-	-
13959/101	31.03.2017	13 504 522	-	1 929 217	11 575 305	-	-
12624/101	30.06.2012	95 386	-	44 583	50 803	-	-
12625/101	30.06.2014	76 186	-	15 488	60 698	-	-
15527.5		29 177	-	18 665	10 512	-	-
15527.7		759 563	-	271 004	488 559	-	-
		<b>45 308 929</b>	<b>-</b>	<b>6 278 129</b>	<b>39 030 800</b>	<b>-</b>	<b>-</b>
<b>Development Bank of South Africa</b>							
<b>Lease liability</b>							
Man Financial Services	10.11.2012	25 043 737	-	-	25 043 737	-	-
Mercedes Benz Finance(Prime 1%)	10.04.2010	16 334 448	-	7 915 809	8 418 639	-	-
Amasando Fleet Management	18.07.2011	6 905 020	-	1 794 541	5 110 479	-	-
Fleet Africa	31.01.2014	23 926 801	-	14 924 109	9 002 692	-	-
Debis Fleet Management	04.09.2011	4 063 909	-	2 151 080	1 912 829	-	-
Vaal Toyota	28.07.2013	45 391 677	-	22 393 402	22 998 275	-	-
Standard Bank Vehicle Finance	01.12.2013	3 991 869	-	1 306 827	2 685 042	-	-
Scifin	01.12.2012	9 888 388	-	3 598 126	6 290 262	-	-
Molipone group of companies	04.03.2014	-	3 915 434	638 931	3 276 503	-	-
		<b>135 545 849</b>	<b>3 915 434</b>	<b>54 722 825</b>	<b>84 738 458</b>	<b>-</b>	<b>-</b>
<b>Total external loans</b>							
Development Bank of South Africa		45 308 929	-	6 278 129	39 030 800	-	-
Lease liability		<b>135 545 849</b>	<b>3 915 434</b>	<b>54 722 825</b>	<b>84 738 458</b>	<b>-</b>	<b>-</b>
		<b>180 854 778</b>	<b>3 915 434</b>	<b>61 000 954</b>	<b>123 769 258</b>	<b>-</b>	<b>-</b>

**Emfuleni Local Municipality**  
**Emfuleni Local Municipality**  
**Appendix B**

June 2011

**Analysis of property, plant and equipment as at 30 June 2011**  
**Cost/Revaluation**

**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposal Rand	Transfer Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Infrastructure</b>														
Mini dumps	10 639 137	-	-	-	-	10 095 417	26 734 554	(5 109 251)	(409 415)	-	-	-	(5 518 666)	15 215 888
Power stations	191 675 362	987 135	-	-	-	31 201 740	223 864 237	(111 729 737)	(5 332 174)	-	-	-	(117 061 911)	106 802 326
Transformer kiosks	182 058 350	-	-	-	-	10 868 808	192 925 158	(108 883 061)	(9 775 246)	-	-	-	(109 660 307)	83 264 851
Meters	15 806 083	-	-	-	-	25 800	15 831 883	(11 592 759)	(526 667)	-	-	-	(12 119 426)	3 712 457
Load control equipment	665 782 256	14 790	-	-	-	8 425 494	674 222 540	(409 359 770)	(13 258 735)	-	-	-	(322 618 505)	251 604 035
Switchgear equipment	48 796 625	-	-	-	-	10 626 631	59 423 256	(28 975 394)	(1 578 696)	-	-	-	(30 554 090)	37 869 165
Supply/redaction	201 369 334	8 495 174	-	-	-	4 569 327	205 865 298	(180 275 227)	(1 010 060)	-	-	-	(131 286 267)	24 800 012
Mains	208 588 190	148 638	-	-	-	3 967 231	212 556 421	(129 519 536)	(3 491 162)	-	-	-	(132 010 709)	80 545 721
Meterways	321 851 745	-	-	-	-	102 356 347	424 208 088	(188 027 252)	(8 143 586)	-	-	-	(136 168 838)	228 039 250
Other roads	7 265 636	-	-	-	-	1 702 924	8 968 560	(7 205 636)	-	-	-	-	(7 205 636)	1 762 924
Traffic lights	1 083 221	-	-	-	-	134 745	1 217 966	(637 152)	(58 002)	-	-	-	(895 184)	322 782
Street lighting	22 132 404	-	-	-	-	1 392 808	23 525 212	(21 841 805)	(261 486)	-	-	-	(22 123 401)	1 401 811
Storm water drains	56 356 463	-	-	-	-	13 525 600	70 282 063	(37 566 982)	(1 568 870)	-	-	-	(39 275 862)	31 016 201
Bridges, subways & culverts	453 725	-	-	-	-	-	453 725	(453 725)	-	-	-	-	(453 725)	-
Car parks	4 198 790	-	-	-	-	44 310	4 243 100	(3 705 478)	(6 553)	-	-	-	(3 712 031)	532 069
Bus terminals	797 427	-	-	-	-	-	797 427	(797 427)	-	-	-	-	(797 427)	-
Taxi rank	17 601 083	-	-	-	-	-	17 601 082	(953 382)	(880 054)	-	-	-	(1 833 446)	15 767 636
Sewers	91 095 315	308 045	-	-	-	86 561 842	177 966 202	(49 759 704)	(2 732 193)	-	-	-	(52 490 897)	125 475 305
Outfall sewers	3 796 686	-	-	-	-	-	3 796 686	(2 168 814)	(1 897 634)	-	-	-	(2 358 648)	1 438 038
Purification works	112 001 204	-	-	-	-	39 531 487	151 532 691	(29 839 241)	(6 397 606)	-	-	-	(36 235 847)	115 296 844
Sewer pumps	260 377	-	-	-	-	505 758	766 135	(66 179)	(13 018)	-	-	-	(79 196)	686 937
Meters	5 204 945	37 181	-	-	-	945 802	6 187 928	(1 571 303)	(213 953)	-	-	-	(1 896 266)	4 291 672
Mains	7 481 243	-	-	-	-	18 003 465	25 484 708	(1 555 203)	(374 082)	-	-	-	(1 929 265)	23 555 443
Supply / reticulation	126 675 382	407 270	-	-	-	107 058 382	234 141 044	(66 759 216)	(4 068 377)	-	-	-	(69 825 535)	164 315 449
Reservoirs, tanks	231 381	-	-	-	-	-	231 381	(22 804)	(13 549)	-	-	-	(34 353)	197 028
	<b>2 303 142 383</b>	<b>10 587 233</b>	-	-	-	<b>451 954 718</b>	<b>2 765 684 334</b>	<b>1 393 822 182</b>	<b>(54 342 339)</b>	-	-	-	<b>1 448 164 501</b>	<b>1 317 519 833</b>
<b>Community Assets</b>														
Ambulance stations	2 969 000	-	-	-	-	-	2 969 000	(2 500 000)	-	-	-	-	(2 500 000)	469 000
Care Centres	61 274	-	-	-	-	220 000	61 274	(61 274)	-	-	-	-	(61 274)	-
Cemeteries	959 969	-	-	-	-	-	1 179 969	(474 178)	(633)	-	-	-	(374 809)	705 160
Civic theatres	4 101 834	-	-	-	-	-	4 191 384	(1 993 926)	(136 060)	-	-	-	(2 131 896)	2 059 388
Clinics/hospitals	6 130 288	-	-	-	-	-	6 130 283	(2 299 580)	(122 674)	-	-	-	(2 422 254)	3 708 049
Community centres	13 611 554	-	-	-	-	160 945	13 772 499	(6 595 390)	(408 066)	-	-	-	(2 003 426)	6 769 073
File stations	2 424 552	-	-	-	-	16 196 633	18 621 185	(2 270 516)	(8 162)	-	-	-	(2 278 667)	16 342 718
Game reserve / rest camps	3 262 533	-	-	-	-	-	3 262 533	(262 533)	-	-	-	-	(262 533)	3 000 000
Indoor sports	13 800 910	-	-	-	-	-	13 800 910	(6 706 171)	(368 322)	-	-	-	(7 074 493)	6 096 417
Libraries	14 725 893	-	-	-	-	4 115 146	18 841 039	(5 521 146)	(399 781)	-	-	-	(5 910 937)	12 930 092
Museums / art galleries	1 903 937	-	-	-	-	428 966	1 903 937	(1 903 937)	-	-	-	-	(1 903 937)	-
Public conveniences	135 131 761	5 830	-	-	-	-	135 137 591	(26 344 102)	(342 740)	-	-	-	(26 686 842)	168 450 749
Public conveniences	13 467	-	-	-	-	-	13 467	(13 467)	-	-	-	-	(13 467)	-
Recreation centres	7 712 457	-	-	-	-	11 010 681	18 723 138	(5 303 716)	(130 725)	-	-	-	(5 434 441)	13 288 697
Paving	3 196 798	-	-	-	-	19 510	3 216 308	(613 118)	(159 242)	-	-	-	(772 360)	2 443 948
Bowling greens	31 735	-	-	-	-	-	31 735	(31 735)	-	-	-	-	(31 735)	-
Security systems	12 402 535	2 551 500	-	-	-	2 422 116	17 376 154	(6 067 468)	(1 832 070)	-	-	-	(7 904 626)	9 471 528
Tennis courts	162 989	-	-	-	-	2 058 947	2 221 036	(162 989)	-	-	-	-	(162 989)	2 058 047
Swimming pools	6 152 798	-	-	-	-	937 750	7 090 548	(5 349 555)	(23 420)	-	-	-	(5 372 375)	1 717 573
Golf courses	496 813	-	-	-	-	-	496 813	(496 813)	-	-	-	-	(496 813)	-
Juskie Pitches	8 554	-	-	-	-	-	8 554	(8 554)	-	-	-	-	(8 554)	-
Outdoor sports facilities	7 672 200	-	-	-	-	-	7 672 200	(4 484 650)	(80 811)	-	-	-	(4 565 461)	3 106 739

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Analysis of property, plant and equipment as at 30 June 2011  
Cost/Revaluation Accumulated depreciation

Accumulated depreciation																										
Opening Balance Rand	Additions		Disposals		Transfers		Revaluations		Other changes, movements		Closing Balance Rand		Opening Balance Rand		Depreciation		Disposal		Transfer		Impairment loss		Closing Balance Rand		Carrying value Rand	
		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand
3 467 124	-		-		-		-		-		3 467 124	(3 440 549)		(2 703)									(3 443 252)		23 872	
4 970 470	3 415 242		-		-		-		1 376 699		9 782 511	(4 145 828)		(716 428)									(4 862 356)		4 900 255	
1 869 735	-		-		-		-		7 030 255		8 900 000	(205 539)		(100 462)									(306 001)		8 593 999	
82 641			-		-		-		-		82 641	(82 641)		-									(82 641)			
257 513 416	5 972 625		-		-		-		45 977 158		348 462 199	(87 329 482)		(4 824 299)									(92 153 761)		257 309 418	

Lakes and dams  
Fencing  
Office buildings  
Access control

Emfuleni Local Municipality  
Emfuleni Local Municipality  
Appendix B

June 2011

5. Sep. 2011 9:54

Finance

No. 2762 P. 56

Analysis of property, plant and equipment as at 30 June 2011  
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposal Rand	Transfer Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
Artwork	171 620	-	-	-	-	-	171 620	-	-	-	-	-	-	171 620
Statues	32 300	-	-	-	-	-	32 300	-	-	-	-	-	-	32 300
	203 920	-	-	-	-	-	203 920	-	-	-	-	-	-	203 920
<b>Other assets</b>														
Caravan Parks	3 285 632	-	-	-	-	-	3 285 632	(777 146)	(2 368)	-	-	-	(779 514)	2 506 118
Cinemas	4 842	-	-	-	-	-	4 842	(4 842)	-	-	-	-	(4 842)	-
Hostels-public/counist	38 611 450	-	-	-	-	-	38 611 450	(15 337 326)	(1 267 048)	-	-	-	(16 604 374)	21 987 076
Hostels-worker	5 706 937	-	-	-	-	-	5 706 937	(5 706 937)	-	-	-	-	-	-
Housing schemes	28 379 334	-	-	-	-	-	28 379 334	(21 965 358)	(273 807)	-	-	-	(22 228 165)	6 650 169
Markets	3 289 370	-	-	-	-	-	3 289 370	(3 289 370)	-	-	-	-	(3 289 370)	-
Old age homes	56 227	-	-	-	-	-	56 227	(56 227)	-	-	-	-	(56 227)	-
Workshopevents	5 014 630	-	-	-	-	-	5 014 630	(3 859 680)	(14 148)	-	-	-	(3 859 680)	1 155 000
Household refuse bins	109 618	35 665	(130)	-	-	-	145 153	(39 892)	-	150	-	-	(73 590)	71 541
Bulk containers	131 985	-	-	-	-	-	131 985	(79 225)	(65 648)	-	-	-	(144 872)	305 112
Cable station	-	-	-	-	-	-	-	-	-	-	-	-	-	385 000
File equipment	454 256	-	-	-	-	385 000	839 256	(401 457)	(52 799)	-	-	-	(554 256)	-
Ambulances	517 722	-	-	-	-	-	517 722	(515 206)	(862)	-	-	-	(516 970)	1 652
Fire hoses	412 905	-	-	-	-	-	412 905	(300 602)	(58 583)	-	-	-	(359 185)	53 710
Chairs	5 596 347	796 740	(26 008)	-	-	-	6 366 079	(3 959 727)	(375 850)	25 202	-	-	(4 360 375)	1 986 103
Cabinets / cupboards	5 530 358	565 674	(5 100)	-	-	-	6 090 932	(3 173 829)	(469 157)	5 100	-	-	(3 657 886)	2 433 046
Miscellaneous	3 087 500	278 871	(10 200)	-	-	-	3 256 171	(2 085 474)	(223 647)	10 200	-	-	(2 304 921)	1 051 250
Fire engines	29 340 427	4 71 180	(27 448)	-	-	-	33 663 159	(22 159 208)	(3 691 504)	27 101	-	-	(26 023 611)	38 612 011
Motor vehicles	23 782 144	135 825	-	-	-	34 851 464	54 635 622	(22 887 777)	(4 471 608)	-	-	-	(27 159 445)	(3 241 472)
Motor cycles	31 031 116	842 105	(106 260)	-	-	-	31 766 961	(13 863 847)	(8 121 718)	106 260	-	-	(21 599 305)	10 167 668
Trucks / bakkies	1 589 521	-	-	-	-	-	1 589 521	(1 091 634)	(295 147)	-	-	-	(1 386 781)	212 740
Computer hardware	156 510 617	9 266 617	(3 673 828)	-	-	-	162 103 406	(96 041 484)	(38 352 430)	3 602 697	-	-	(130 631 217)	31 272 209
Computer software	18 069 076	1 569 693	(5 176)	-	-	43 793	19 696 386	(11 480 533)	(2 482 484)	5 176	-	-	(13 967 841)	5 729 545
Office machines	19 135 622	163 057	-	-	-	3 066 512	22 365 591	(9 252 977)	(3 658 946)	-	-	-	(12 913 923)	9 453 668
Air conditioners	2 382 709	41 192	-	-	-	-	3 023 901	(1 382 834)	(450 761)	-	-	-	(1 833 655)	1 180 246
Graders	1 548 059	56 352	-	-	-	203 579	1 604 411	(4 347 385)	(308 904)	-	-	-	(300 511)	705 900
Trailers	5 470 501	139 281	-	-	-	-	5 611 372	(4 141 693)	(511 270)	-	-	-	(4 656 289)	1 157 502
Tractors	4 800 464	4 119 721	(308 813)	-	-	-	8 611 372	(1 235 150)	(1 097 913)	-	-	-	(4 652 970)	3 958 402
Lawnmowers	3 293 740	-	-	-	-	-	3 293 740	(1 677 518)	(367 411)	-	-	-	(2 333 066)	980 674
Compressors	413 747	97 630	-	-	-	-	511 377	(244 945)	(6 307)	-	-	-	(250 646)	163 101
Laboratory equipment	732 280	717 149	-	-	-	-	1 449 429	(456 700)	(213 349)	-	-	-	(672 049)	777 380
Radio equipment	1 422 138	57 041	-	-	-	-	1 479 179	(934 914)	(162 375)	-	-	-	(2 367 289)	381 890
Telecommunication equipment	2 870 166	780	-	-	-	-	2 870 946	(2 295 863)	(130 500)	-	-	-	(2 426 363)	444 583
General	32 597 633	2 616 280	(4 860)	-	-	494 267	35 703 619	(7 987 303)	(3 181 661)	4 860	-	-	(11 164 304)	24 539 206
Lathes	1 100	-	-	-	-	-	1 100	(1 100)	-	-	-	-	(1 100)	-
Milling	5 047	-	-	-	-	-	5 047	(2 745)	(789)	-	-	-	(3 534)	1 513
Back actor	3 315 066	-	-	-	-	-	3 315 066	(223 679)	-	-	-	-	(2 849 089)	465 977
Front end loader	9 244 139	-	(285 781)	-	-	-	8 958 358	(5 945 834)	(1 263 128)	285 781	-	-	(6 963 182)	2 035 186
Damirisation plant	18 503	-	-	-	-	-	18 503	(12 335)	(3 701)	-	-	-	(16 036)	2 467
Rubber Duck	130 213	-	-	-	-	-	130 213	(88 768)	(36 043)	-	-	-	(126 803)	63 404
Signs & auto	350	-	-	-	-	-	350	(350)	-	-	-	-	(350)	-
Other assets	59 297 744	1 631 788	-	-	-	613 335	60 742 847	(47 259 626)	(223 723)	-	-	-	(47 483 348)	13 259 499



**Emfuleni Local Municipality**  
**Emfuleni Local Municipality**  
**Appendix B**

June 2011

**Analysis of property, plant and equipment as at 30 June 2011**  
**Cost/Revaluation**  
**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposal Rand	Transfer Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property, plant and equipment</b>	510 726 525	23 935 210	(4 453 406)	-	-	39 658 340	569 866 669	(313 382 486)	(72 586 689)	4 072 327	-	-	(387 896 848)	181 969 821
<b>Infrastructure</b>	2 303 142 383	10 587 233	-	-	-	451 954 718	2 765 684 334	1 393 822 182	(54 342 339)	-	-	-	1 448 164 501	1 317 519 833
Community Assets	237 513 416	5 972 625	-	-	-	45 977 158	349 463 199	(87 329 482)	(4 824 289)	-	-	-	(92 153 761)	257 309 418
Heritage assets	203 920	-	-	-	-	-	203 920	-	-	-	-	-	-	203 920
Other assets	510 726 525	23 935 210	(4 453 406)	-	-	39 658 340	569 866 669	(313 382 486)	(72 586 689)	4 072 327	-	-	(387 896 848)	181 969 821
<b>Agricultural/Biological assets</b>	3 111 586 244	40 495 068	(4 453 406)	-	-	537 590 216	3 685 218 122	1 800 534 130	(131 753 327)	4 072 327	-	-	1 928 215 130	1 757 002 992
<b>Intangible assets</b>														
Investment properties														
<b>Total</b>														
<b>Infrastructure</b>	2 303 142 383	10 587 233	-	-	-	451 954 718	2 765 684 334	1 393 822 182	(54 342 339)	-	-	-	1 448 164 501	1 317 519 833
Community Assets	237 513 416	5 972 625	-	-	-	45 977 158	349 463 199	(87 329 482)	(4 824 289)	-	-	-	(92 153 761)	257 309 418
Heritage assets	203 920	-	-	-	-	-	203 920	-	-	-	-	-	-	203 920
Other assets	510 726 525	23 935 210	(4 453 406)	-	-	39 658 340	569 866 669	(313 382 486)	(72 586 689)	4 072 327	-	-	(387 896 848)	181 969 821
<b>Agricultural/Biological assets</b>	3 111 586 244	40 495 068	(4 453 406)	-	-	537 590 216	3 685 218 122	1 800 534 130	(131 753 327)	4 072 327	-	-	1 928 215 130	1 757 002 992

# Segmental analysis of property, plant and equipment as at 30 June 2011 Accumulated Depreciation

	Opening Balance		Additions		Disposals		Transfers		Revaluations		Other changes, movements		Closing Balance		Opening Balance		Disposals		Transfers		Depreciation		Impairment deficit		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
<b>Municipality</b>																												
Executive & Council/Mayor and Council	228 550 715		419 102		-		-		-		3 005 140		232 974 957		(53 074 222)		-		(11 864 687)		-		-		(54 938 908)		168 036 048	
Finance & Admin/Finance	29 895 367		1 692 814		(11 526)		-		-		2 560 759		34 127 414		(15 941 590)		11 526		(8 756 409)		-		-		(19 686 473)		14 440 941	
Planning and Development/Economic Development/Plan	2 162 597		153 904		-		-		-		-		2 316 501		(1 137 212)		-		(237 950)		-		-		(1 575 162)		941 339	
Health/Clinics	9 254 082		128 389		(45 137)		-		-		6 134 722		15 472 066		(4 468 651)		44 230		(767 431)		-		-		(5 192 052)		10 260 014	
Housing	335 836 981		-		(50)		-		-		2 638		335 836 931		(120 951 701)		50		(2 604 668)		-		-		(123 456 319)		212 383 250	
Public Safety/Police	21 646 362		-		-		-		-		16 659 891		38 206 253		(15 908 642)		-		(1 730 688)		-		-		(17 639 310)		20 516 943	
Sport and Recreation	40 348 140		-		-		-		-		3 043 658		43 391 798		(26 321 842)		-		(436 459)		-		-		(26 618 300)		16 574 498	
Waste Water Management/Sewerage	20 300 433		5 044 784		-		-		-		14 530 232		39 875 459		(228 160 675)		-		(3 070 496)		-		-		(231 250 570)		(193 375 111)	
Road Transport/Roads	254 247 470		8 667 282		(4 389 664)		-		-		1 308 982		259 531 050		(130 122 314)		4 009 740		(55 769 549)		-		-		(131 882 123)		77 951 927	
Water/Water Distribution	263 991 425		3 540 182		(650)		-		-		247 330 680		514 321 647		(133 538 908)		650		(10 927 026)		-		-		(150 468 284)		364 455 363	
Electricity/Electricity Distribution	1 549 010 564		12 786 521		-		-		-		66 866 167		1 647 663 252		(1 047 313 348)		-		(30 885 010)		-		-		(1 078 198 353)		569 464 894	
Other/Air Transport	356 351 104		8 082 090		(8 379)		-		-		156 187 335		520 594 150		(17 674 421)		6 131		(8 582 978)		-		-		(27 261 263)		493 332 882	
	3 111 586 240		40 495 958		(4 453 406)		-		-		537 590 214		3 686 218 116		(1 800 534 126)		4 072 327		(131 753 329)		-		-		(1 928 215 128)		1 757 002 886	
<b>Municipal Owned Entities</b>																												
<b>Total</b>																												
Municipality	3 111 586 240		40 495 958		(4 453 406)		-		-		537 590 214		3 686 218 116		(1 800 534 126)		4 072 327		(131 753 329)		-		-		(1 928 215 128)		1 757 002 886	
	3 111 586 240		40 495 958		(4 453 406)		-		-		537 590 214		3 686 218 116		(1 800 534 126)		4 072 327		(131 753 329)		-		-		(1 928 215 128)		1 757 002 886	

**Emfuleni Local Municipality****Appendix D**

June 2011

**Segmental Statement of Financial Performance for the year ended**  
**Prior Year** **Current Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
260 809 452	83 547 087	177 262 365	Executive & Council/Mayor and Council	313 712 694	102 803 547	210 909 147
623 984 900	385 366 487	238 618 413	Finance & Admin/Finance	707 528 116	831 495 382	(123 967 266)
48 940	8 395 501	(8 346 561)	Planning and Development/Economic Development/Plan	100 136	8 925 776	(8 825 640)
40 851 881	47 600 947	(6 749 066)	Health/Clinics	41 563 122	54 315 699	(12 752 577)
10 364 022	55 142 264	(44 778 242)	Comm. & Social/Libraries and archives	13 973 543	53 435 716	(39 462 173)
5 681 135	15 251 518	(9 590 383)	Housing	5 043 191	16 578 355	(11 535 164)
17 507 455	108 268 902	(90 761 447)	Public Safety/Police	19 143 950	118 383 672	(99 239 722)
423 540	64 265 852	(63 842 312)	Sport and Recreation	517 646	57 475 967	(56 958 321)
282 732 286	601 533 861	(318 801 575)	Waste Water Management/Sewerage	293 614 866	190 594 764	103 020 102
310	129 413 582	(129 413 272)	Road Transport/Roads	(2 460 114)	89 157 780	(91 617 894)
401 470 126	331 464 434	70 005 692	Water/Water Distribution	438 721 277	378 524 846	60 196 431
955 264 084	803 927 515	151 336 569	Electricity /Electricity Distribution	1 196 679 216	902 020 925	294 658 291
260 403	10 410 373	(10 149 970)	Other/Air Transport	359 213	6 075 044	(5 715 831)
<b>599 378 534</b>	<b>644 588 323</b>	<b>(45 209 789)</b>		<b>3 028 496 856</b>	<b>809 787 473</b>	<b>210 709 383</b>
<b>Municipal Owned Entities</b>						
<b>Other charges</b>						
599 378 534	644 588 323	(45 209 789)	Municipality	3 028 496 856	809 787 473	210 709 383
<b>599 378 534</b>	<b>644 588 323</b>	<b>(45 209 789)</b>	<b>Total</b>	<b>3 028 496 856</b>	<b>809 787 473</b>	<b>210 709 383</b>

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2010 Act. Bal. Rand	Current year 2010 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
<b>Revenue</b>					
Property rates	310 197 555	292 871 464	17 326 091	5.9	
Service charges	1 855 360 141	1 904 367 510	(49 007 369)	(2.6)	
Rental of facilities and equipment	8 218 944	8 635 200	(416 256)	(4.8)	
Fines	17 371 500	24 014 130	(6 642 630)	(27.7)	
Licences and permits	8 390	-	8 390	-	
Government grants & subsidies	673 426 603	795 087 619	(121 661 016)	(15.3)	
Other income	110 336 140	91 080 040	19 256 100	21.1	
Interest received - investment	50 278 297	69 461 649	(19 183 352)	(27.6)	
Dividends received	5 756	-	5 756	-	
	3 025 203 326	3 185 517 612	(160 314 286)	(5.0)	
<b>Expenses</b>					
Personnel	(633 674 380)	(637 286 961)	3 712 581	(0.6)	
Remuneration of councillors	(22 931 130)	(23 537 798)	606 668	(2.6)	
Depreciation	(131 753 327)	(82 636 087)	(49 117 240)	59.4	
Finance costs	(28 524 032)	(20 227 358)	(9 296 674)	46.0	
Debt impairment	(329 956 165)	(650 831 175)	320 875 010	(49.3)	
Collection costs	-	-	-	-	
Repairs and maintenance - General	(111 627 747)	(126 614 383)	14 986 636	(11.8)	
Bulk purchases	(1 144 544 786)	(1 212 284 158)	67 739 372	(5.6)	
Contracted Services	(47 257 712)	(49 011 656)	1 753 943	(3.6)	
Grants and subsidies paid	(4 263 731)	(12 217 855)	7 954 124	(65.1)	
General Expenses	(354 354 464)	(372 248 270)	17 893 806	(4.8)	
	(2 809 787 474)	(3 186 895 700)	377 108 226	(11.8)	

Emfuleni Local Municipality  
**Appendix E(1)**  
 June 2011

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011**

	Current year 2010 Act Bal.	Current year 2010 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	3 293 530	310	3 293 220	1 062 329.0
	3 293 530	310	3 293 220	1 062 329.0
Net surplus/ (deficit) for the year	218 709 382	(1 377 778)	220 087 160	(15 974.1)

## Emfuleni Local Municipality

## Appendix E(2)

June 2011

Budget Analysis of Capital Expenditure as at 30 June  
2011

	Additions	Revised	Variance	Variance	Explanation of significant
	Rand	Budget	Rand	%	variances from budget
		Rand			
<b>Community assets</b>					
Cemeteries	220 000	151 943	(68 057)	(45)	
Swimming pool	937 750	647 656	(290 094)	(45)	
Parks	434 846	300 326	(134 520)	(45)	
Recreation facilities	11 010 681	7 604 514	(3 406 167)	(45)	
Libraries	4 115 146	2 842 121	(1 273 025)	(45)	
Fencing	4 792 140	3 309 686	(1 482 454)	(45)	
Paving	19 510	13 475	(6 035)	(45)	
Security systems	4 973 619	3 435 024	(1 538 595)	(45)	
Other community assets	25 446 090	17 574 311	(7 871 779)	(45)	
( )	<b>51 949 782</b>	<b>35 079 056</b>	<b>(16 070 726)</b>	<b>(45)</b>	
<b>Infrastructure</b>					
Power station	32 188 875	22 231 208	(9 957 667)	(45)	
Load control equipmnt	8 440 284	5 829 272	(2 611 012)	(45)	
Switch gear equipment	19 312 005	13 337 813	(5 974 192)	(45)	
Supply/ reticulation-electricity	4 715 965	3 257 075	(1 458 890)	(45)	
Mains - electricity	3 967 231	2 739 963	(1 227 268)	(45)	
Transformer kiosks	10 868 808	7 506 529	(3 362 279)	(45)	
Street lighting	1 392 808	961 941	(430 867)	(45)	
Traffic lights	134 745	93 061	(41 684)	(45)	
Mini-dumps	10 095 417	6 972 388	(3 123 029)	(45)	
Motorways	102 356 947	70 692 701	(31 664 246)	(45)	
Other roads	1 702 924	1 176 123	(526 801)	(45)	
Car parks	44 310	30 603	(13 707)	(45)	
Storm water drains	13 935 600	9 624 605	(4 310 995)	(45)	
Sewer	86 870 887	59 997 273	(26 873 614)	(45)	
Purification works	39 531 487	27 302 374	(12 229 113)	(45)	
Meters	982 983	678 896	(304 087)	(45)	
Mains-water	18 003 465	12 434 071	(5 569 394)	(45)	
Supply/ reticulation-water	107 465 652	74 221 023	(33 244 629)	(45)	
( )	<b>462 010 393</b>	<b>319 086 919</b>	<b>(142 923 474)</b>	<b>(45)</b>	
<b>Other assets</b>					
Cable stations	385 000	265 900	(119 100)	(45)	
Household refuse bins	35 665	24 632	(11 033)	(45)	
Tables/desks	565 874	390 820	(175 054)	(45)	
Cabinet/cupboards	278 871	192 602	(86 269)	(45)	
Miscellaneous	37 254 805	25 729 986	(11 524 819)	(45)	
Chairs	796 140	549 853	(246 287)	(45)	
Motor vehicles	842 105	581 599	(260 506)	(45)	
Bulk containers	263 970	182 311	(81 659)	(45)	
Truck/bakkies	14 121 523	9 753 012	(4 368 511)	(45)	
Computer hardware	1 568 693	1 083 416	(485 277)	(45)	
Computer software	2 257 449	1 559 104	(698 345)	(45)	
Office machines	41 192	28 449	(12 743)	(45)	
Air conditioners	58 352	40 301	(18 051)	(45)	
Graders	342 860	236 796	(106 064)	(45)	
Lawnmowers	97 630	67 428	(30 202)	(45)	
Laboratory equipment	717 149	495 298	(221 851)	(45)	
Radio equipment	57 041	39 395	(17 646)	(45)	
Telecommunication equipment	454 104	313 627	(140 477)	(45)	
General	3 569 158	2 465 035	(1 104 123)	(45)	
	<b>63 707 581</b>	<b>43 999 564</b>	<b>(19 708 017)</b>	<b>(45)</b>	